

Kuznetsova, Elena

**Conference Paper**

## Trans-European networks (TEN): future in the past?

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## **Trans-European networks (TEN): future in the past?**

H. Infrastructure, Transport and Communications. S.K2 Urban Economics Association - Young Scientists.

The European Union has been working out the unique transport strategy. Treaty on the Functioning of the European Union – (Articles 90 - 100) demonstrates that it should be common policy in the sphere of European transport. Since the Rome Treaty's entry into force in 1958, this policy has been focused on removing borders between Member States and thus contributing to the free movement of individuals and of goods.

The transport industry represents significant and quite important part of the EU economy. It accounts for about 7% of European GDP. Approximately 5% of the EU's employees are engaged in the sector. The importance of transport sector for regional economy is realized in strategic legal documents. The primary goal of the paper is to provide an economic analysis of current and former European legislation and policy in the sphere of transport. To reach the goal we put three tasks: the consideration of the EU's basic concepts, making its' comparative analysis and evaluating its' influence for neighborhood countries (case of Russian Federation)

There were several programs for implementing these issues for real economic situation. The key strategies in transport sector are depicted in the official program documents under the title White Paper. There were several editions of the document. White paper of 1992 bring in practice the term “international transport corridor”, which was later become very popular and of wide using. In 1994 the conference of the European transport ministers was held and had resulted in beginning of creation of Pan-European transport corridors, 3 from which were gone through Russia.

The most significant and detailed was White paper of 2001 which had presented itself a type of a program for further 10 years. The document identified as main challenges the imbalance in the development of the different transport modes, congestion on routes and cities, as well as in airspace, and the impact on the environment. Accordingly, the White Paper proposed policies to adjust the balance between the modes, stressed the need to do away with bottlenecks in the trans-European networks (TEN) and to reduce the number of road accidents, it called for an effective policy on infrastructure charging and it argued that the Community should strengthen its position in international organizations.

According to the enlargement of the EU and accession of new member-states the situation in the transport sphere has changed. New members should lead to the same level of infrastructure's development and transport situation in their countries.

To answer to new possibilities and threats a new policy was implemented by High Level Group. There were approved 5 transport axes, which have linked Europe with other regions of the world.

Today the work for improving transport situation and infrastructure in the EU isn't finished, but the great part of it is already done. Last White Paper was adopted in 2011. Nowadays it is in force. The White Paper is focused on the realizing joint intermodal projects, resolving some problems of transport nodes.

National and regional officials, business actors from the EU and neighborhood states are involved in the process. Russian participation in the EU projects is supported by different agents of transport market. Both Russian commodities and passengers flows will be able to revive regional transport infrastructure.

R11 - Regional Economic Activity: Growth, Development, Environmental Issues, and Changes,  
R58 - Regional Development Planning and Policy, R48 - Government Pricing and Policy.

The transport industry represents significant and quite important part of the EU economy. It accounts for about 7% of European GDP. Approximately 5% of the EU's employees are engaged in the sector. The importance of transport sector for regional economy is realized in strategic legal documents. The primary goal of the paper is to provide an economic analysis of current and former European legislation and policy in the sphere of transport. To reach the goal we put three tasks: the consideration of the EU's basic concepts, making its' comparative analysis and evaluating its' influence for neighborhood countries (case of Russian Federation).

The problem was studied by such scientists as Debra Johnson, Tamas Fleischer, Kazim Kartal, N.A. Troitskaya and U.A. Sherbanin. The last two persons are sure that the EU should use the possibility of Russian routes.

The European Union has been working out the unique transport strategy. Treaty on the Functioning of the European Union – (Articles 90-100) demonstrates that it should be common policy in the sphere of European transport. It is said in Article 4.2: "Shared competence between the Union and the Member States applies in the following principal areas: internal market; ...; transport; trans-European networks etc". Since the Rome Treaty's

entry into force in 1958 (Articles 74-84), this policy has been focused on removing borders between Member States and thus contributing to the free movement of individuals and goods.

There were several programs for implementing these issues for real economic situation. The key strategies in transport sector are depicted in the official program documents under the title White Paper. There were several editions of the document. White paper of 1992 brought in practice the term “international transport corridor”, which later became very popular.

The concept “transport corridor” lacks a precise definition.

Internal transport Committee’s of UN’s European Economic Commission experts define international transport corridor as the following: part of national or international transport system that provides significant freight and passenger traffic between particular geographic regions and includes rolling stock and stationary devices of all kinds of transport working in these area as a set of technological, organizational and legal conditions for the implementation of this traffic.

A transport corridor has both physical and functional dimensions. In terms of physical components, a corridor includes one or more routes that connect centers of economic activity. These routes will have different alignments but with common transfer points and connected to the same end points. These routes are composed of links over which the transport services travel and nodes that interconnect the transport services. The end points are gateways that allow traffic with sources or destinations outside the corridor (and its immediate hinterland) to enter or exit the corridor.

In the corridors the requests for transport infrastructure and vehicle parameters are to be standardized and a set of general requirements is to be worked out for the ways and kinds of transport, information communications and service complex.

1982 is the date of birth of the term international transport corridor (ITC), when the Committee of the transport network development has decided to provide funding for specific projects of European transport integration structures. In 1991, Prague hosted the first Pan-European Conference of Transport Ministers, dedicated to the organization of cooperation and integration of transport systems in Europe. The first White paper on transport published in 1992 contained the basis of the concept of the ITC future. It largely aimed at making transport more sustainable, through for instance a modal shift from road toward more environmentally friendly modes of transport such as sea, inland waterways or rail, by promoting environmentally friendly solutions by making transport pay its real costs to society through internalization of external costs, but also through endeavoring to reduce

the need for transport through efficient planning. In 1994, when Pan-European Conference of Transport Ministers was held, where the agreement was reached on the creation of the nine Pan-European corridors, three of which - № 1, 2 and 9 - partly go through the territory of Russia and include Russian transport communications. Later, in Helsinki in 1997 the tenth Crete Corridor was added to the nine already presented, the so-called "Southern Balkans."

Below you can see the corridors' routes.

|      |  |
|------|--|
| I    | (North-South) Helsinki - Tallinn - Riga - Kaunas and Klaipėda - Warsaw and Gdańsk <ul style="list-style-type: none"> <li>Branch A (Via/Rail Hanseatica) - St. Petersburg to Riga to Kaliningrad to Gdańsk to Lübeck</li> <li>Branch B (Via Baltica/E 67) - Helsinki to Warsaw.</li> </ul>  |
| II   | (East-West) Berlin - Poznań - Warsaw - Brest - Minsk - Smolensk - Moscow - Nizhny Novgorod   |
| III  | Brussels - Aachen - Cologne - Dresden - Wrocław - Katowice - Kraków - Lviv - Kiev <ul style="list-style-type: none"> <li>Branch A - Berlin - Wrocław</li> </ul>  |
| IV   | Dresden/Nuremberg - Prague - Vienna - Bratislava - Győr - Budapest - Arad - Bucharest - Constanța / Craiova - Sofia - Thessaloniki / Plovdiv - Istanbul.   |
| V    | (East-West) Venice - Trieste/Koper - Ljubljana - Maribor - Budapest - Uzhhorod - Lviv - Kiev. 1,600 km (994 mi) long. <ul style="list-style-type: none"> <li>Branch A - Bratislava - Žilina - Košice - Uzhhorod</li> <li>Branch B - Rijeka - Zagreb - Budapest</li> <li>Branch C - Ploče - Sarajevo - Osijek - Budapest</li> </ul>   |
| VI   | (North-South) Gdańsk - Katowice - Žilina, with a western branch Katowice-Brno.   |
| VII  | (The Danube River) (Northwest-Southeast) - 2,300 km (1,429 mi) long.   |
| VIII | Durrës - Tirana - Skopje - Sofia - Plovdiv - Burgas - Varna. 1,500 km (932 mi) long.   |
| IX   | Helsinki - Vyborg - St. Petersburg - Pskov - Gomel - Kiev - Ljubashevka - Chișinău - Bucharest - Dimitrovgrad - Alexandroupolis. 3,400 km (2,113 mi) long.<br><br>Major sub-alignment: St. Petersburg - Moscow - Kiev. <ul style="list-style-type: none"> <li>Branch A - Klaipėda - Vilnius - Minsk - Gomel</li> <li>Branch B - Kaliningrad - Vilnius - Minsk - Gomel</li> <li>Branch C - Ljubashevka - Rozdilna - Odessa</li> </ul> |
| X    | Salzburg - Ljubljana - Zagreb - Beograd - Niš - Skopje - Veles - Thessaloniki. <ul style="list-style-type: none"> <li>Branch A: Graz - Maribor - Zagreb</li> <li>Branch B: Budapest - Novi Sad - Beograd</li> </ul>  |

- |  |
|--|
| <ul style="list-style-type: none"> <li>• Branch C: Niš - Sofia - Plovdiv - Dimitrovgrad - Istanbul via Corridor IV</li> <li>• Branch D: Veles - Prilep - Bitola - Florina - Igoumenitsa</li> </ul> |
|--|

Funding for the development of pan-European TC<sup>1</sup> projects varies. The primary funding sources are:

- National funds, budgets;
- Funds \ EU grants (including TACIC, INTERREG);
- The European Investment Bank;
- The European Bank for Reconstruction and Development;
- The World Bank;
- International Financial Institutions;
- Public Private Partnership.

The interest of EU15 which determined the extension of TEN-T to CEECs<sup>2</sup> was not the extension of the enlarged EU. After the revision of guidelines and accompanying network schemes to include Central and Eastern European Countries, the majority of the Pan-European transport corridors have become TEN-T and as the EU moved eastwards, the need to develop transport links with new neighbors has become a priority [Kartal, 2007].

Ten new countries of Eastern and South-Eastern Europe have entered the EU on the 1st May 2004: Hungary, Cyprus, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Czech Republic and Estonia. Bulgaria and Romania joined the EU in 2007. These countries not only had to bring their legislation in line with EU law, but also had to make significant work in the field of transport infrastructure as a basis for the movement of goods. But in reality it did not happen.

That is why on the 8<sup>th</sup> of June 2004 in Santiago de Compostela the ministerial meeting, initiated by former Commission Vice-President Loyola de Palacio concluded that "the development of technical and administrative transport links between the European Union and the neighboring region is an issue of paramount importance for economic growth, trade and relations between people "and that" it is necessary to identify and develop priority connections between major trans-European axes and the different neighboring regions of the EU. " The meeting welcomed the establishment of the European Commission's High Level

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<sup>1</sup> TC – transport corridor

<sup>2</sup> CEECs – Central And Eastern European countries

Group on the understanding that the existing transport links between the enlarged EU and its neighbors hardly reflect the new geographic situation after its expansion.

At its plenary meeting on 11-12 July 2005 the High Level Group adopted the following five multimodal transport axes:

- “Motorways of the Sea”, linking the Atlantic, Baltic, Mediterranean and Black Sea, as well as a branch through the Suez Canal towards the Red Sea and beyond to the Pacific Ocean;
- “North axis” linking the northern EU with Russia and other countries outside it;
- “The central axis” linking the center of the EU to Ukraine and then through the other countries of the Black Sea;
- “South-East axis” connecting the center of the EU through the Balkans and Turkey, the Caucasus and the Caspian Sea, and the Red Sea, and in the future, going to the Persian Gulf;
- “South-West axis” linking the south-west of Morocco and the EU in the future with Egypt and other African countries.

EU countries have actively pursued policies to create a single transport system on the territory of the Member States, at the same time seeking to connect to this process the countries of Central and Eastern Europe that have just joined the EU. This process is facilitated by common infrastructure, unified legislation and the benefits of the single market. On the 3<sup>rd</sup> of October 2005 in Brussels the joint document that defines common principles, objectives and structure of the EU-Russia dialogue on transport and infrastructure was signed. Taking into account the benefits of mutual trade, the economy and the benefits to consumers that would result from the strengthening of transport and infrastructure links and regular exchange of information, the Ministry of Transport of the Russian Federation and the European Commission's Directorate-General for Energy and Transport agreed to contribute to the establishment of Russia-EU dialogue on transport, which will be based on the following principles:

- harmonization and complementarity of transport infrastructure strategies of Russia and the EU, cooperation in the development and application of technical regulations and generally accepted standards;
- strengthening the mutual understanding of current and future legislation and policy in the field of transport;
- dialogue should be developed on the basis of Article 70 of the Agreement of partnership and cooperation, and should promote efforts undertaken by the Russian Federation and the European Union to implement the "roadmap" for the formation of a common European

economic space, as agreed during the EU - Russia summit in May 2005 in Moscow;

- dialogue should cover issues of mutual interest for Russia and the EU.

The objectives of the Transport Dialogue between Russia and the EU are:

- exchange of views on developments in respect of the policy towards certain types of transport in the EU and Russia;

- achieving greater interoperability and, where possible and appropriate - the harmonization of technical rules and regulations of the Russian Federation and the European Union in the field of transport;

- increased transparency of regulatory activities by sharing information and "know-how", as well as through consultation on the development and application of rules and regulations;

- harmonization of the positions of Russia and the EU on matters dealing with the framework of international organizations, such as IMO, ICAO, ILO, with a view to promote universal standards transport safety and transport security;

- promote the harmonization and interoperability of medium-and long-term transport strategy of Russia and the EU.

In May 2005 Russia and the EU adopted a "roadmap" for Cooperative Economic Development. The document on the Common Economic Space set goals and actions for the implementation of delivered tasks.

Today the work for improving transport situation and infrastructure in the EU isn't finished, but the great part of it is already done. Further market opening has taken place in air, road and partly in rail transport. The Single European Sky has been successfully launched. The safety and security of transport across all modes has increased. New rules on working conditions and passenger rights have been adopted. Trans-European transport networks (financed through TEN-T, Structural Funds and the Cohesion Fund) have contributed to territorial cohesion and the building of high-speed railway lines. International ties and cooperation have been strengthened. A lot has also been done to enhance transport's environmental performance.

Last White Paper was adopted in 2011. Nowadays it is in force. The White Paper is focused on the realizing joint intermodal projects, resolving some problems of transport nodes. It also promoted reduced oil and gas consumption.

Today the work with the sequel of the EU-Russia dialogue goes on. The top priorities for the implementation of the transit potential of the international transport corridors are the Northern Corridor of the Trans-Asian Railway (with further access to the Trans-Siberian



Railway) and the highway Western Europe - Western China of almost 10,000 km. Traffic capacities of Trans-Asian Railway are not fully utilized, and the international TRACECA (Transport Corridor Europe - Caucasus - Asia) with its many overloads and ferries (Turkmenbashi - Baku on the Caspian and Poti, Batumi - Varna, Odessa through the Black Sea) and high capital intensity is unlikely to be competitive in the future. According to preliminary estimates under equal conditions the tariffs for the transportation of grain, cotton and containers with Russian Railways are 1.7 times lower than those through the TRACECA route and 1.2 times lower for oil and non-ferrous metals. In addition, cargo delivery time in Russia is 1.8 times lower on average [Vinokurov E., Dzhadraliev A., Sherbanin U., 2009].

The main areas of Russian international integration in the field of transport in this context are:

- integration of the Russian transport in the European transport system;
- formation and development of the common transport space with the CIS and the EU countries;
- increase the role of Russia in the common integrated transport system;
- participation in international transportation projects and programs.

But for realization of these routes there are some obstacles in Russia:

- 1) the imperfection of legal support
- 2) tax policy
- 3) information system that does not comply with international standards
- 4) the complexity of customs procedures
- 5) high port charges
- 6) weak development of port areas
- 7) insufficient amounts of rolling stock

The following government actions are proposed:

- coordination of the formation and development of transport corridors infrastructure with government institutions;
- feasibility of Russia's accession to international conventions and agreements governing the of international cargo traffic;
- improvement of legal and normative base governing the international transport and logistics services;
- improvement of tax and customs policies, while ensuring transport by ITC and the development of industrial and technological base of transport companies;

- regulation of tariffs for international traffic;
- implementation of the necessary conditions of transport in the ITC, including traffic safety and environmental protection;
- institution of the operators inter / multi-modal transport, protection of the interests of the Russian carriers and freight forwarders and their support;
- support of private capital in the development of the ITC logistics infrastructure.

The purpose of the formation and development of the ITC in Russia is to provide the conditions for improving the reliability and efficiency of Russian foreign trade transportation, involvement of additional transit cargo for transport communications of the country, attracting domestic and foreign investment in the development of transport infrastructure, promoting the development of certain regions of the country located in the gravity zone to the routes of international transport corridors, integration of the Russian transport in the European and global transport system.

National and regional officials, business actors from the EU and neighboring states are involved in the process. Russian participation in the EU projects is supported by different agents of transport market. Both Russian commodities and passengers flows will be able to revive regional transport infrastructure.